

## Message Text

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PAGE 01 SANTIA 03795 092112Z

67

ACTION ARA-10

INFO OCT-01 AF-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 STR-04 INT-05

/099 W

----- 106765

R 092050Z JUN 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3542

INFO AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LUSAKA

LIMITED OFFICIAL USE SANTIAGO 3795

E.O. 11652: N/A

TAGS: ECON, EMIN, EALR, CI

SUBJECT: DISILLUSIONMENT WITH CIPEC

1. DURING AMBASSADOR'S COURTESY CALL ON NEW MINMINES VALENZUELA  
JUNE 2, VALENZUELA SAID HE PERSONALLY SAW NO FUTURE FOR CHILE'S  
PARTICIPATION IN CIPEC.

2. REINFORCING PRELIMINARY IMPRESSION THAT VALENZUELA'S COMMENT  
MIGHT REFLECT GOC RATHER THAN PURELY PERSONAL JUDGMENT, SANTIAGO'S  
GOVERNMENT-SUPPORTING DAILY, EL MERCURIO, ON JUNE 9  
QUESTIONED WISDOM CONTINUED CIPEC PARTICIPATION BY CHILE.

3. POINTS OF EDITORIAL ARE:

A) OPEC WORKS BECAUSE IT FOLLOWS MARKET FORCES WHILE OPIC  
OPERATES AGAINST THEM. WORLD RECESSION WHICH LOWERS COPPER  
DEMAND AND EXISTENCE OF LARGE STOCKPILES MINIMIZE POTENTIAL  
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FOR CARTEL ACTION ON PRICES.

B) CIPEC ACTION WILL PROBABLY NOT AFFECT PRICES, IN WHICH CASE CHILE WILL NEEDLESSLY LOSE \$75 MILLION BY ADHERING TO AGREEMENT.

C) OTHER CIPEC MEMBERS WILL PROBABLY HAVE TO REDUCE PRODUCTION IN ANY CASE DUE TO PROBLEMS RELATING TO POLICTICS, LABOR OR EFFICIENCY OF OPERATIONS.

D) CHILE HAS NO POLITICAL OR LABOR PROBLEMS AND IS LOW COST PRODUCER. IT THEREFORE SHOULD RE-EXAMINE ITS POSITION RE CIPEC BECAUSE SACRIFICES INVOLVED IN ITS PARTICIPATION ARE DISPROPORTIONATE TO THOSE OF OTHER MEMBERS.

POPPER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, MEMBERSHIP, COPPER, DIPLOMATIC DISCUSSIONS, CARTELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Reference:** n/a  
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**Review Authority:** ShawDG  
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**Review Date:** 29 AUG 2003  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DISILLUSIONMENT WITH CIPEC  
**TAGS:** ECON, EMIN, EALR, CI, CIPEC, (VALENZUELA)  
**To:** STATE  
**Type:** TE  
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